

ORIGINAL

OPEN MEETING AGENDA ITEM



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BEFORE THE ARIZONA CORPORATION COMMISSION

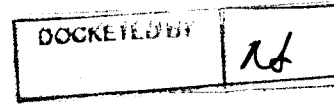
COMMISSIONERS

SUSAN BITTER SMITH, Chairman
BOB STUMP
BOB BURNS
DOUG LITTLE
TOM FORESE

Arizona Corporation Commission

DOCKETED

OCT 5 2015



IN THE MATTER OF THE APPLICATION
OF ARIZONA PUBLIC SERVICE
COMPANY FOR A HEARING TO
DETERMINE THE FAIR VALUE OF THE
UTILITY PROPERTY OF THE COMPANY
FOR RATEMAKING PURPOSES, TO FIX
A JUST AND REASONABLE RATE OF
RETURN THEREON, TO APPROVE RATE
SCHEDULES DESIGNED TO DEVELOP
SUCH RETURN.

DOCKET NO. E-01345A-11-0224

ARIZONA PUBLIC SERVICE
COMPANY'S EXCEPTIONS TO
STAFF REPORT AND
RECOMMENDED ORDER

Arizona Public Service Company ("APS" or "Company") hereby files its
Exceptions to the Staff Report and attached Recommended Order ("Staff Report") dated
September 25, 2015. APS appreciates Staff's thoughtful consideration of the complex
issues associated with extension of the experimental rate rider schedule AG-1. APS
understands all of Staff's recommendations, even if they are different than the APS and
Joint Movants' agreement that was outlined in APS's June 19th filing.

1 While the Company appreciates Staff's desire to both limit the necessity of cost
2 deferrals and determine which customers will be responsible for the deferral, APS notes
3 that the Company already had agreed to absorb 10% of such costs, and the Commission
4 does not need to make a final decision on the latter issue at this time. Thus, APS urges
5 the Commission to adopt the terms of the June 19, 2015 settlement.

6 INTRODUCTION

7 The procedural history of this matter is described in detail in pages 1-3 of the
8 Staff Report. APS will not burden the record by repeating it herein. Suffice it to say
9 that APS filed an Opposition to the Joint Motion submitted by the Joint Movants in
10 November 2014. No action was taken by the Commission with regard to the Joint
11 Motion until Commissioner Little filed a letter in the docket urging APS and the Joint
12 Movants to meet and attempt to come up with a compromise that would allow the AG-1
13 program to continue until the conclusion of the Company's next general rate case.

14 THE JUNE 19th SETTLEMENT

15 After meeting with the Joint Movants on several occasions, APS agreed to
16 withdraw its opposition to the Joint Motion (which had not been opposed by any party
17 other than the Company and the Arizona Investment Council) if (1) APS would be
18 permitted to defer 90% of the net unrecovered generation costs up to \$10,000,000 per
19 the 12-month period beginning July 1, 2016 (and 100% of such costs above
20 \$10,000,000); and 2) the Joint Movants would agree with APS to support an allocation
21 of responsibility for recovery of such deferrals that did not include APS residential
22 customers. Otherwise, such cost responsibility would be determined in the Company's
23 next rate case.

24 The Joint Movants fully supported this compromise. And just three days later,
25 the Residential Utility Consumers Office filed a supplement to its earlier comments
26 indicating it did not oppose this agreement between APS and the Joint Movants.

1 APS believed the June 19th Settlement is fair and consistent with the directions
2 contained within Commissioner Little's March 10, 2015 letter. It preserved, for the
3 most part, the *status quo* as compared to the original terms of the 2012 Settlement
4 pertaining to the AG-1 program.

5 Staff did not agree with either the 90% deferral or the delay in deciding final cost
6 allocation for the deferral. Staff recommends a 50% deferral and proposed that the
7 deferral amount be recovered only from the existing eight AG-1 customers. While the
8 Company understands Staff's position, APS urges the Commission to adopt the June
9 19th settlement.

10 CONCLUSION

11 APS urges the Commission to delay a final decision on which customer is
12 responsible for the deferral until APS's 2016 general rate case and adopt the balance of
13 the June 19th settlement.

14 RESPECTFULLY SUBMITTED this 5th day of October 2015.

15
16 By: 
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19 Attorneys for Arizona Public Service Company

20 ORIGINAL and thirteen (13) copies
21 of the foregoing filed this 5th day of
22 October 2015, with:

23 Docket Control
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27 COPY of the foregoing delivered/mailed this
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